

2006-2007 PERFORMANCE PLAN – Portfolio Manager, Alternative Investments (Alexander)

Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
5%	Industrial Sector Performance	Excess returns in basis points of the Total Industrial Portfolio return before fees versus the Disaggregated NCREIF Industrial Sub-Index, for the fiscal year ending June 30, 2007, (returns lag one quarter);	0 basis points = 0 +50 basis points = 1.0 +75 basis points = 1.5
5%	Office Sector Performance	Excess return in basis points of the Total Office Portfolio return before fees versus disaggregated NCREIF Office Sub-index, for the fiscal year ending June 30, 2007, (returns lag one quarter)	0 basis points = 0 +50 basis points = 1.0 +75 basis points = 1.5
5%	Retail Sector Performance	Excess returns in basis points of the Total Retail Shopping and Mall portfolio Sector return before fees versus disaggregated NCREIF Retail Sub-index, for the fiscal year ending June 30, 2007, (returns lag 1 quarter);	0 basis points = 0 +50 basis points = 1.0 +75 basis points = 1.5
5%	Multi-Family Sector Performance	Excess returns in basis points of the Total Multi-Family Portfolio return before fees versus the disaggregated NCREIF Multi-Family Sub-index for the fiscal year ending June 30, 2007 (returns lag one quarter).	0 basis points = 0 +50 basis points = 1.0 +75 basis points = 1.5
20%	Total Core Portfolio Performance	Excess returns in basis points of the Total Core Portfolio Performance before fees versus NCREIF Total Performance for the fiscal year ending June 30, 2007, (returns lag one quarter);	0 basis points = 0 +50 basis points = 1.0 +75 basis points = 1.5
45%	Non-Core Portfolio Performance	Total Non Core portfolio return before fees exceeds NCREIF Total Performance for the fiscal year ending June 30, 2007 (returns lag one quarter, 30% weight).	0 basis points = 0 +100 basis points = 1.0 +150 basis points = 1.5
		Total Housing portfolio performance before fees exceeds NCREIF Total Performance for the fiscal year ending June 30, 2007 (returns lag one quarter, 15% weight).	0 basis points = 0 +200 basis points = 1.0 +300 basis points = 1.5
85%	Subtotal	Quantitative Measures	

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Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
15%	Leadership	Demonstrate leadership within CalPERS and in the external investment community. Dimensions include leadership: <ul style="list-style-type: none">• Within Investment Group• Trustees• CalPERS• External Investment Community	From Schedule
15%	Subtotal	Qualitative Measures	
100%	Total	Quantitative and Qualitative Measures	

Supervisor's Approval: Original signed by Russell Read

Date: August 1, 2006